

WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP

MESSAGING RESOURCES/POLLING UPDATE

Raiding TARP Is An Irresponsible Breach Of Taxpayer Trust. Section 113 of TARP establishes an imperative that the program, which was scheduled to expire at the end of 2009, operates in a way that minimizes long-term costs and maximizes benefits for taxpayers, not the politically favored interests of Democrats. President Obama has extended the TARP program to October 3, 2010, and both he and House Democrats are proposing to tap TARP funds to pay for programs unrelated to the financial emergency that our economy faced in 2008. In fact, the financial regulation bill that passed the House diverts \$4 billion from TARP to a number of foreclosure mitigation and neighborhood stabilization programs. The actions that the Democrats are planning to take could add as much as \$200 billion to the national debt.

Covered Bonds Are An Innovative Financial Product That Can Help Restart The Private Securitization Market. Having additional liquidity and a proper functioning secondary market is key to ensuring that funding is available for Americans seeking to obtain a home loan, car loan or any other kind of credit. Covered bonds provide an attractive, safe alternative to investors and encourage sound underwriting practices in the origination of loans. Covered bonds will bring more liquidity, certainty, and competition to U.S. credit markets and help strengthen US. financial institutions by diversifying their funding sources. Congress should look at ways to facilitate the development of a robust covered bonds market in the US to generate more capital flow and liquidity in our nation's credit markets.

ON THE HORIZON

Tuesday, December 15: The Full Committee will convene a hearing on covered bonds at 10 am in room 2128 Rayburn.

Thursday, December 17: The Housing Subcommittee will meet for a hearing on H.R. 476, the Housing Fairness Act at 10 am in room 2128 Rayburn.

WEEKEND MUST-READS

Wall Street Journal: "Treasury Limits Cash Compensation at Four Firms ... Obama administration pay czar Kenneth Feinberg mandated new compensation rules Friday for about 450 employees at companies that received extraordinary government assistance during the financial crisis."

Wall Street Journal: "Treasury Earns \$936 Million From J.P. Morgan Warrants ... The U.S. sold its warrants to purchase common stock in J.P. Morgan Chase & Co., earning the government a net \$936.06 million, the Treasury Department said Friday."

Washington Post: "Citigroup moving to return bailout funds ... Citigroup is working to reach an agreement with federal officials to return a portion of its bailout funds, which would free the company from the government's most restrictive limits on executive pay, according to people with knowledge of the matter."

Wall Street Journal: "Wall Street Reform Hits Main Street ... This week the U.S. House of Representatives will vote on a bill purporting to address the causes of last year's market collapse."

NY Times: "A.I.G. Units Omit Name and Excel ... Just months after dropping the telltale "A.I.G." from its sales brochures, the company has leapfrogged its competitors and reclaimed a title it held for many years before its bailout - the top seller of fixed annuities to bank customers."

NY Times: "Debt Raters Avoid Overhaul After Crisis ... When the financial crisis began, few players on Wall Street looked more ripe for reform than the Big Three credit rating agencies."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Ed Royce issued this press release: Royce Amendment Ignored, Congress Set to Repeat Mistakes of Fannie and Freddie

Rep. Don Manzullo issued this press release: Manzullo Opposes Costly New Financial Bureaucracies, Supports Alternative Bill that Protects Consumers

Rep. Shelley Moore Capito issued this press release: Capito on the Federal Response to the Mortgage Crisis

Rep. Gresham Barrett issued this press release: Barrett Votes To End TARP

Rep. Jim Gerlach issued this press release: Gerlach Votes to End Bailouts, Repay Taxpayers

Rep. Randy Neugebauer issued this press release: Neugebauer: Democrats' Financial Regulation Bill Is A Permanent, Job Killing Bailout

Rep. Tom Price issued this press release: White House Slush Fund Extended

Rep. Kevin McCarthy issued this press release: McCarthy Urges Sec. Geithner to End the TARP Bailout Program

Rep. Spencer Bachus issued these press releases: Bachus: We Need To End TARP, Taxpayers Must Be Repaid

CARTOON OF THE WEEK

(The Washington Post, 12/10/2009)